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Be open to stay in business

Insurers have to be agile and ready to co-create with those from outside the industry as part of the new digital-led insurance ecosystem, said speakers at yesterday's panel on developed market dynamics.

Mr Denis Duverne, Chairman of the Board at AXA, said insurers are moving from merely being payers to becoming genuine partners in improving the well-being of customers. And this would require new skill sets which can be acquired through partnerships, especially with the insurtech community.

"Fintech and insurtech companies have great talent, knowledge and imagination, while insurers have the customer base. So I see a partnership between insurtech and insurance companies as the way of the future," he said.

Sompo America's President & COO Lisa Davies also highlighted how insurers need to modernise from being just a traditional risk taker to also being a service provider, which means engaging customers beyond just an insurance transaction.

"At Sompo, we're looking to evolve into a 'theme park' business model. If you go to Disney World, you go for the rides, but you also can't leave without buying the food or the souvenirs. In the same way, what we'd like to do is make insurance our main business, but also move into other things as well.

"Our motive is to be a 'theme park' for the security, health and well-being for our customers. So we're looking to find ways to touch them throughout their lives and not just when they have a claim."

For example, in Japan, Sompo offers additional services such as nursing care and home remodeling, she said.

New risk landscape

With increased connectivity and the prevalence of IoT in the developed markets, insurers are having to deal with a rapidly changing risk landscape where many risks reside beyond physical assets, said Mr Gaurav D Garg, CEO of Personal Insurance at AIG.

He also cited how liability is moving from first party to third party, as in the case of driverless vehicles where it is unclear whether the driver or software manufacturer would be liable in an accident.

Another example quoted is whether an end-user of a device should be liable in a loss event when he or she had failed to update the software.

"Insurers need to identify the various gaps in coverage and come up with new ways and products to fill these gaps," he said.

Fitting into sharing economy

Meanwhile, Ms Davies said the industry needed to align itself with the realities of the sharing economy, whereby the line between personal insurance and commercial insurance becomes increasingly blurred as assets that were intended for personal use are also being used commercially.

"So developing products and services that you can opt in and opt out, depending on the use of that product, is very important for us to capitalise and not to lose customers because if we don't, then there are assets that

A GIF to savour

Mr Michael Morrissey, President & CEO of the International Insurance Society (IIS) opened the 2017 Global Insurance Forum (GIF) on an upbeat note saying this year's programme was the best that his team has put together in his 24-year association with the event.



Mr Michael J
Morrissey

With 71 speakers from 21 countries, it will certainly be a comprehensive and hopefully robust discussion in the coming days.

will move out of the commercial insurance platforms.

"And it becomes cost-prohibitive for people when they have to buy separate insurance," she said.

That explains Sompo's recent investment in Trov – a provider of on-demand insurance for individual items.

Innovation

Innovation certainly needs to happen at a quicker rate in the insurance industry, although some momentum is building up in the area of savings and retirement amid ageing trends in many parts of the world, said Mr Michael Sherris, Professor of Actuarial Studies at the University of New South Wales.

"There is a lot of innovation that is happening and will have to happen in many countries, especially those with DC schemes with large groups entering into retirement, and there are moves towards products which combine retirement income with other needs such as long-term care."

Ms Davies added insurers needed to continually garner new ideas from outside the industry, to complement recent efforts in building innovation labs.

The panel discussion was moderated by Mr Ken Mungan, Chairman of the Board, Milliman.



(L-R): Mr Ken Mungan, Ms Lisa Davis, Mr Denis Duverne, Mr Gaurav D Garg, Mr Michael Sherris

Brexit: Get the narrative right

The complications involved in Brexit are well-documented and heavily discussed throughout the government and the many industries within London. However, Lord Tim Clement-Jones, Partner at DLA Piper, argues that if the insurance industry “gets the narrative right”, London can and will remain relevant on the global stage.

“We remain at the forefront of AI, technology and innovation in Europe, and even across the globe. If we can focus the narrative on those developments rather than the Brexit process, the insurance industry here will still remain a relevant driving force even after Brexit,” he said.

Opportunities for penetration

Speaking at the panel on Brexit at the IIS Global Insurance Forum, Lord Clement-Jones and three other panellists – Ms Karen Briggs, Partner and Head of Brexit at KPMG; Mr Roy White, CEO Specialties at Marsh; and Mr Benno Reischel, Head of Europe at Lloyd’s – along with panel chair Mr Anthony Baldwin, CEO EMEA at AIG, touched on the opportunities that could come out of the transition.

“The fact that London is a fintech and innovation hub is an opportunity we need to explore. We have a deep talent pool we can draw on, and the industry needs to continue developing talent and allowing talent to enter the London market,” said Ms Briggs.

Currently, over half of the insurers in the UK already have plans in place to domicile or have subsidiaries in other major cities in the EU, according to Mr Reischel. Popular destinations include Frankfurt, Luxembourg and Dublin, due to experienced regulators, a skilled

work force and long-standing expertise in the financial services.

“Being on the continent will help build confidence amongst your clients,” said Mr Reischel. “There is significant room for penetration within the EU, mainly due to emerging risks such as cyber, of which the London insurance industry still leads in terms of product innovation.”

Meanwhile, Mr White urged the London market to continue re-focusing its efforts in the emerging markets.

“Even though the EU is an important market, our clients in the UK have already turned towards opportunities in the emerging markets and that is where the future will be,” he said.

Settling messy divorce bill

There is still a lot of work to be done. The panel touched on the myriad of complications and details leading up to the separation deadline in 2019, with Ms Briggs adding that much contingency planning and detailed preparation work

needs to be completed within the next two years. Worryingly, some organisations have been slow to come off the block. “Waiting to see what will happen is a dangerous prospect,” she said, noting that there is not a lot of time left to get everything done.

“We definitely need a transitional period to prepare for the move,” she said. “And as business leaders, we need to work with the regulator to aid them in their preparations, as they not only have the transition to worry about, but also looking into emerging products and technologies that are coming out of the industry.”

However, Lord Clement-Jones states that much of the regulatory discussions will be shaped in the corridors of Brussels with the UK set to lose influence over EU financial services regulation. “The UK regulator will be set to receive, not transmit. They will be involved in the implementation, obviously, but they will be taking their cues from Brussels,” he said.



(L-R): Mr Anthony Baldwin (at podium), Lord Tim Clement-Jones, Mr Benno Reischel, Mr Roy White, Ms Karen Briggs

The future is here

Favourable demographics and a dynamic workforce were some reasons highlighted by panellists on why the emerging markets of EMEA and Asia are shaping to be the driving force in insurance.

Mr Steve Tunstall, General Secretary of PARIMA, when speaking on the insurance markets in ASEAN, said: “Unlike in the ‘old world’, the new world of Asia and ASEAN is enthusiastic and active. Many young, new people are entering the industry and they have lots of enthusiasm for it. Insurance is an attractive

option for them.”

Speaking on insurance prospects in Nigeria, Mr Wole Oshin, Managing Director, Custodian & Allied, said: “We’re predicted to have the third largest population in the world by 2050. So from a demographic perspective, there is a huge opportunity that MNCs have begun to realise. We have many millennials, and currently, lots of infrastructure spending. It’s a market for the future.”

Mr VK Sharma, Chairman, Life Insurance Corporation of India, touched on the attrac-

tive demographics in the Indian market: “The regulator focuses on policyholder protection rather than trying to control the insurer. From a sheer demographic point of view, this is the time to be in India. In a population of 1.3 billion, 65% are under the age of 33 and 90% of the population have yet to be insured.”

Mr Yassir Albaharna, CEO, Arab Insurance Group, believes early movers in the Middle East will eventually reap their rewards.

“One thing people don’t often realise is that some of our markets are in Asia, while some are in Africa. Much like in ASEAN, we have different segments and not one solution will fit all.

“Generally, the region has a low penetration rate of only 1.38%, but has potential for high growth. A long-term view, taking into account population and wealth growth in the region, is required to truly break into the Middle East markets. The true potential lies in personal lines, pensions and similar classes of business.”



(L-R): Mr Luis Valdez, Mr Yassir Albaharna, Mr Wole Oshin, Mr VK Sharma, Mr Steve Tunstall

Behaviour corroborates attitude

Attitudinal data is now mainstream news, but behavioural data is the real story at the intersection of marketing, user-experience and technological integration.

As traditional demographics fast become blunt weapons when it comes to profiling, targeting and personalised propositions, brands are increasingly turning to social data to add personality to their insights. But even more incisive tools are needed to cut through the noise of today's marketplace.

With consumers now too complex and nuanced to be fully understood by narrow, traditional demographics, attitudinal data has come of age, demonstrating its worth in personalised marketing campaigns which are swinging elections and flogging mules.

Attitude problem

In an era of filtered profiles and fake news, they will undoubtedly be posed, processed and filtered to the nth degree – an idealised version of the self which provides questionable value.

In that context, even attitudinal insight is an unreliable predictor, a prisoner of assumption which fails to provide deep enough understanding of consumers' wants and needs.

In the economy of one, where consumers expect brands to market to "Who I am" rather than "What I am", only real behavioural data gets to the heart of the matter. The veracity of this data removes the filter for behaviour laid bare – actual behaviour reflecting real concerns and interests.

What personalisation is crying out for is a willingness to share verifiable data to corroborate the attitude.

Health at the heart of Life

In the hierarchy of cognition, behaviour is attitude and values enacted. In other words, behaviour corroborates attitude. And one behaviour that cuts across generations and types is the desire to lead a healthy lifestyle.

Health matters just as much to Millennials as it does to previous generations, a recognition of the age-old truth that health is the key to life. Whether muscling up, maintaining balance or managing decline, people of all ages are demonstrating a determination to lead healthy, independent, rewarding lifestyles for as long as possible.

And, just as in other aspects of their lives, they are determined to manage that healthier lifestyle with the technology they have at their fingertips.

Responding to that desire with technological innovation, health and wellness platforms open a channel for communication, facilitating the conversation between customer and provider, providing actual behavioural insight to corroborate the attitudinal insights which drive contemporary marketing decisions.

It is a transformational partnership which is truly customer-centric, putting them in control. The best contemporary platforms provide meaningful content to help people effect real lifestyle change – and generate a wealth of personal behavioural data from which to create compelling customer experiences that open new revenue channels for all involved in the ecosystem.

And the focus on healthy living rather than death presents insurers with a great opportunity to change the narrative, helping customers lead healthier lives rather than forcing them to contemplate their own mortality.

The attitude to corroborate

While the consumer is beginning to understand how their data drives precision marketing, a willingness to share data is still a mixed bag – ranging from 41% of respondents in Germany to 85% in South Africa – and data privacy and security remain unresolved issues, with deep-seated consumer fears of data misuse and abuse exacerbated by global viruses and hacks.

The challenge now is to use the growing awareness of the power of marketing, and the growing sense of the value of one's data, to allay these fears.

It is vital, at this early stage, that we counter the fear-mongering by forging partnerships with the customer, putting them in control to convince them that sharing data is an opportunity rather than a threat.

A collaborative approach to the sharing, use and safeguarding of data is the key to an effective consumer experience – and the surest path to the right protection. In this economy of one, a willingness to share data on a scale and depth way beyond name rank and serial number changes the spectrum of possibility.

For that, a willingness to share data is the most prized attitude of all.

This article was first published in June 2017 at www.remarkgroup.com.



Friendships renewed

Participants of the GIF got together for the opening cocktail on Monday evening to whet their appetite ahead of the three-day discussions, while enjoying good food and company with London's iconic Big Ben providing a wonderful backdrop.



Asia: Next EAIC will be in May 2018

At its meeting in Manila last Friday, the EAIC Executive Board has set the dates for the 29th East Asian Insurance Congress to be from 6th to 9th May 2018 in Manila, in summer rather than in the traditional fall period.

Chairman of the 29th EAIC Organising Committee Mr Ramon Dimacali said the Congress, to be held at the Marriot Grand Ballroom near the airport, will have the theme: "Managing Disruptions, Driving Change". The Conference will aim at being different to ensure that it not only tackles the current challenges of the day, but also offer solutions and strategic tips to cope with the problems and guide them to emerge winners as well



Mr Ramon Dimacali

as providing for extensive networking opportunities for the delegates.

But more importantly, the EAIC will strive to draw more life market players as the conference is aimed at the whole insurance industry both life and general, and not just the non-life players.

Mr Augusto Hidalgo, Chief Delegate of the Philippines said the earlier dates were chosen taking into account the various potential scheduling conflicts in the market and to draw the maximum number of people from around the world. The Conference will also attempt to draw delegates beyond the 12 EAIC markets as well as young insurance professionals within the region. The programme will also draw from the expertise and talent within the Philippine business community and the TED talks.

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